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*Implementation of Ukrainian's Commitments under WTO and ENP Frameworks in the Rural sector
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Overview of Latest Rural Developments between March 04, 2010 and March 10, 2010

▪ WTO and Neighborhood Policy

The tenth round of talks between Ukraine and the European Union on free trade zone was held 1-5 of March, 2010 in Brussels. Specific areas of cooperation were discussed during five days of negotiations within 10 thematic working sub-groups. The minister of Economic Affairs of Ukraine Bohdan Danylyshyn informed that dynamics of negotiations is considered to be positive. The Ukrainian side is fully aware that the pace of opening and liberalization of Ukrainian markets should correspond to the pace of adjustment of domestic businesses to the new level of competition within the free trade zone, stressed the head of economic department.

"The integration of our country to the economic space of the European Union has become an important factor to encourage the competitiveness of particular sectors as well as the country's economy as a whole", summed B. Danylyshyn. As a result of the negotiations it was decided that the next round of talks will be held in Kiev 25-28 of May, 2010.

Press Service of the Minister of Economy, 10/03/2010

March 5, 2010, the 45th session of the CIS Economic Council was held in Moscow within the International Economic Forum of the CIS member states and business leaders of the Commonwealth. Ukrainian delegation participated in this meeting, headed by the Minister of Economic Affairs of Ukraine. 16 areas of multilateral economic cooperation within the CIS were discussed during the meeting. In particular, the strategy for economic development of CIS countries, preparation of agreements on free trade zone and others issues were discussed.

Activities of the Intergovernmental CIS Council for Agricultural Issues were also reviewed. According to Mr. Danylyshyn, the report of the Council was presented, containing main directions of its activities and an outline of priorities for the current year.

Press Service of the Minister of Economy, 05/03/2010

The President of Ukraine Viktor Yanukovych is confident that Russia and Ukraine can join forces in several sectors. "We should look for areas where we need to combine efforts. And there are a lot of such areas", said Viktor Yanukovych in an interview on the information channel "Russia-24". According to him, the entire building and agricultural industries of both countries work "in cooperation" with each other. Ukrainian and Russian economies are, in general, export-oriented. "We can combine our efforts, for example, in the supply of grain, because the issue of food wheat on the global market is raised every year", said President of Ukraine.

"Russia has a wide consumer market. Ukraine could supply it with agricultural products of a very high quality", noted Viktor Yanukovych. "In addition, Russia could be our trade and economic partner in third countries. And we can invite Kazakhstan to cooperation. On the whole, admitted Viktor Yanukovych, Ukraine looks to have long-term and reliable relationship with Russia which will be built in an atmosphere of trust, reliability and strategic cooperation.

<http://economics.unian.net/>, 05.03.2010

The President of Ukraine Viktor Yanukovych admits to the possibility of Ukraine's entry into the Common Economic Space (CES), but only under the World Trade Organization terms. He said on the Russian TV channel "Vesti" on 6 of March. "We are much behind the process of entering the CES. At the same time, Ukraine has become the WTO member and joining CES today is possible only under the WTO terms", stressed the President. "We would like our partners become WTO members in near future. Today, this issue is relevant, but it requires extra effort. We do not know how deeply our partners - Russia, Belarus

and Kazakhstan have progressed in this process. Anyway, our experts are working on this issue ", said Viktor Yanukovich.

Interfax-Ukraine, 9.03.2010

▪ **Food Safety**

The project of the International Finance Corporation (IFC) "Food Safety in Ukraine" dedicated to improving the competitiveness of Ukraine food processing companies by improving food safety management systems has begun its work. Together with the IFC project "Investment climate in Ukraine", the project is preparing proposals for legislation, advising the public authorities, developing inspection tools based on analysis of current risks to the food industry, conducting training for veterinary inspectors in the regions of Ukraine.

www.agroua.net, 04.03.2010

The Committee on Agrarian Policy and Land Relations recommends Verkhovna Rada to adopt in the first reading the bill amending the Law of Ukraine on milk and dairy products (insuring the quality and safety parameters of dairy products set by law and standards of Ukraine). Bill #923 proposes to strengthen requirements for issuing operating permits for production of milk, raw milk, dairy products and dairy products for special dietary consumption to business entities and requirements for certification of milk, raw milk and dairy products and also encourage manufacturers by providing them with subsidies for producing milk of high quality ("extra" grade).

According to committee members, it is also foreseen to prohibit separation of dairy product packaging process from the production cycle (except for packaging butter, cheese and dry milk products in certified departments of one and same processor or in certified processing enterprises, which are part of one union).

BIZ.liga.net, 10.03.2010

▪ **Market Infrastructure**

March 4-5 in Kiev, the annual conference of the Concorde Capital investment bank "Ukraine: the path to recovery" took place. It was devoted to discussing the prospects of Ukraine's economic development and attractiveness of Ukrainian investment market for investors. The conference was held in the form of round table discussions and private meetings.

The profitability of industrial production of milk in Ukraine is 150-200%, said the president of "Rise Company" Vitaly Tsehmistrenko at the conference. "When our company has got corporate rights of other agricultural companies, we did not slaughter livestock and today we have about 6 thousand first sort dairy cows. Last year we produced 2.5 thousand litres of milk per cow and this year are trying to reach the index of 4-4,5 thousand litres. The profitability of industrial production of milk is 150-200%. This area is attractive for investments", said V. Tsehmistrenko.

RBC-Ukraine, 04.03.2010

March 4, 2010 MPs adopted as a basis the bill # 5277 to amend the art.13 of the Law "On public support to agriculture". The bill is aimed at resolving discrepancies pertaining credit subsidies to agricultural enterprises. In particular, the provision dealing with the calculation of the average interest on loans from banks for establishing the size of a credit subsidy is proposed to be deleted from the current law.

AIC-Inform, 05/03/2010

Reduction in imports of meat, which have occurred during the first months of 2010, will not raise wholesale prices of domestic raw materials, said the meat market expert from "Ukrainian agrarian business club" (UABC) Elizabeta Svyatkivska.

The main reason for the reduction of imports, besides the lower demand from processors, was the increased supply of poultry meat and pork of domestic production. As on January 1, 2010, according to State statistic committee, the growth of number of pigs in farms was 21.1% compared to the same period last year. "According to preliminary data, last year the average production cost of 1 kg of pork on farms with modern breeding techniques, their own feed base and the use of meat and bacon hybrids was 8,4-8,8 UAH/kg", said the expert.

According to data of meat market monitoring carried out by UABC, in early March, prices for pigs of

second live weight category amounted on average to 14.3 UAH / kg, and have reduced by 1.5 UAH/kg from the beginning of the year. Increased supply of poultry meat also affects prices. However fluctuations on this market are less significant because of greater consolidation of manufacturers. In the same time, the UABC expert does not exclude an increased supply of pork from the U.S. and Brazil, where production costs are slightly lower than in Ukraine.

BIZ.liga.net, 09.03.2010

▪ **Rural Development**

The outcome of the work of the Ukrainian Public Support Fund for Farmers and its regional offices in 2009 were in detail reviewed on the meeting in Ministry of Agrarian Policy. The report on the results of the audit of financial-economic activities was presented and the prospects for financing the Fund in 2010 discussed.

The issues of pretentiously positive work of the Fund, the return to the special fund of the state budget of returnable financial support provided to farmers in recent years, deficiencies while accepting and processing documents from farmers and proposals to address them legislatively have evoked a keen interest.

The meeting was attended by representatives of MAP, Fund experts, managers and chief accountants of regional offices and representatives of Main Revision and Control Office of Ukraine.

Press Service of the Ministry of Agrarian Policy, 03.03.2010

Verkhovna Rada of Ukraine adopted in the first reading the draft law on amendments to the Law of Ukraine "On land protection" concerning issue and revocation of special permits for soil removal and transfer. According to the Chairman of the State Committee Oleg Kulinich, the bill will help create a transparent and simplified procedure for obtaining special permits free of charge, ensure rational use and protection of land resources and conservation and rational use of fertile soil.

AIC-Inform, 05/03/2010